

**Changing Landscape in Marketing Strategies of Indian Pharmaceutical Industry**

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**Abstract**

*India is a monopolistic market, in which lots of industries are participating. After 2005 Patent regime only those companies will survive in Indian market who have got their own Patented Product. In lieu of this act, lots of mergers and acquisitions done by Indian Pharmaceutical MNCs like GLAXO & SMITHKLINE, ZYDUS & CADILA, which also aggravated a tough competition in Indian territories. To overcome from this competition companies have adopted different marketing strategies in Business Environment.*

*The changing Landscape in marketing strategies is highly in-predictable. Companies have adopted targeted advertising strategy for pharmaceutical OTC products and concept selling strategies are evolved for medicinal and pharmaceutical generic drug segments. The article focuses on various marketing strategy and their outcomes for Indian Pharmaceutical industry. It will also emphasis on changing landscape in marketing strategy with special reference to channel of distribution adopted by Indian pharmaceutical industry. This study also reveals about marketing mix strategy and customer's (doctors) and end customer's perception (patients) which is the base of formulation of different marketing strategies. An in-depth analysis has been done to analyze issues and challenges faced by pharmaceutical industry in India.*

**Key Words:** patent, acquisition, monopolistic market, mergers & acquisitions

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## **Strategic Alliances in Indian Pharmaceutical Industry**

In global competitive environment companies have got either tough competition or get saturated in monopolistic market, they try to expand their horizons in various economies, through mergers, acquisitions, collaborations or amalgamations. Companies are having their own expertise as per the changing need of business accordingly they joint hands with various pharmaceutical companies. As per the Indian Foreign Direct Investment policy it allows up to 49% investment in Indian Pharmaceutical Industry. In lieu of that, if foreign based pharmaceutical companies would like to enter in India necessarily it should joint hands with Indian Pharmaceutical Companies. Apart from this as per the WTO Act (previously GATT) only those companies will survive in India or global market, who have got their own patented product, which also enforce pharma companies for various strategic alliances.

### **List of Alliances Entered Into By Indian Pharmaceutical Companies**

<b>Year</b>	<b>Indian Pharma outfit</b>	<b>Alliance Partner</b>	<b>Type Alliance</b>
<b>August 12</b>	Strides Arcolab Ltd.	Gilead Sciences Inc.	Emerging Market
<b>June 12</b>	Dr. Reddy's Laboratories ltd.	Merck	Drug Development
<b>Aug 12</b>	Ranbaxy Laboratories Ltd.	Gilead Sciences Inc.	Emerging Market
<b>Feb 12</b>	Jubilant	Mnemosyne Pharmaceutical Inc	Drug Development
<b>Feb 12</b>	Jubilant Life sciences Ltd.	Endo Health solution Inc.	Drug Development
<b>Oct 12</b>	Piramal Healthcare Ltd.	Fujifilm Diosynth Biotechnologies	Drug Development
<b>Jul 12</b>	Cipla ltd.	Drugs for Neglected Diseases Initiative	Drug Development
<b>Nov 12</b>	Biocon Ltd	Bristol Myres Squibb	Exclusive Marketing
<b>August 12</b>	Orchid Chemicals	Hospira Inc	Business Transfer
<b>Jun 12</b>	Biocon Ltd.	Abbott Laboratories	Contract Research

*Figure No. 1 Source: Directorate General of Commercial Intelligence and Statistics (D.G.C.I.S.)*

The above table emphasizes on the marketing strategy adopted by various Indian and Overseas Pharmaceutical Companies to expand its horizon in Indian market through Strategic Alliances.

Companies like Dr. Reddy's Laboratories ltd. with Merck , Jubilant Life sciences Ltd. with Endo Health solution Inc. have got strategic alliance for new product development, Biocon Ltd. has got

Strategic Alliance with Bristol Myres Squibb for exclusive marketing, Orchid Chemicals have joint hands with Hospira Incorporation for business transfer, Biocon has time based collaboration with Abbott Lab. for contract research. Through these strategic alliances companies are participating in Indian Market and they are giving their remarkable contributions in the treatment of Chronic Diseases such as Bypass surgery, liver & kidney transplant, MDRTP, Cancer and AIDS.

Year	Value of Import of 'Medicinal and Pharmaceutical Products' (Rs in Crore)	Growth (%)
2002-03	2,865	-
2003-04	2,956	3.18
2004-05	3,139	6.19
2005-06	4,515	43.84
2006-07	5,868	29.92
2007-08	6,734	14.79
2008-09	8,649	28.43
2009-10	9,959	15.15
2010-11	10,937	9.82

Figure No. 3 Source: - Directorate General of Commercial Intelligence and Statistics (D.G.C.I.S.) Kolkata, value of imports of "Medicinal and Pharmaceuticals Products" for the period 2002-03 to 2010-11

Year	Value of Export of 'Medicinal and Pharmaceutical Products' (Rs in Crore)	Growth (%)
2002-03	12,826	-
2003-04	15,213	18.61
2004-05	17,228	13.25
2005-06	21,230	23.23
2006-07	25,666	20.89
2007-08	29,354	14.37
2008-09	39,821	35.66
2009-10	42,456	6.62
2010-11	47,551	12.00

Figure No. 3 Source: - Directorate General of Commercial Intelligence and Statistics (D.G.C.I.S.) Kolkata, value of exports of "Medicinal and Pharmaceuticals Products" for the period 2002-03 to 2010-11

As per the profitability trend in Indian Pharmaceutical Industry, we can easily visualize an incremental progress every year in export and import in medicinal and pharmaceuticals segments. The trend can also be interpreted with the help of given table which shows remarkable incremental in export due to Indian FDI policy, Patent Rules and Strategic Alliances made by various Indian and foreign based multinational companies.

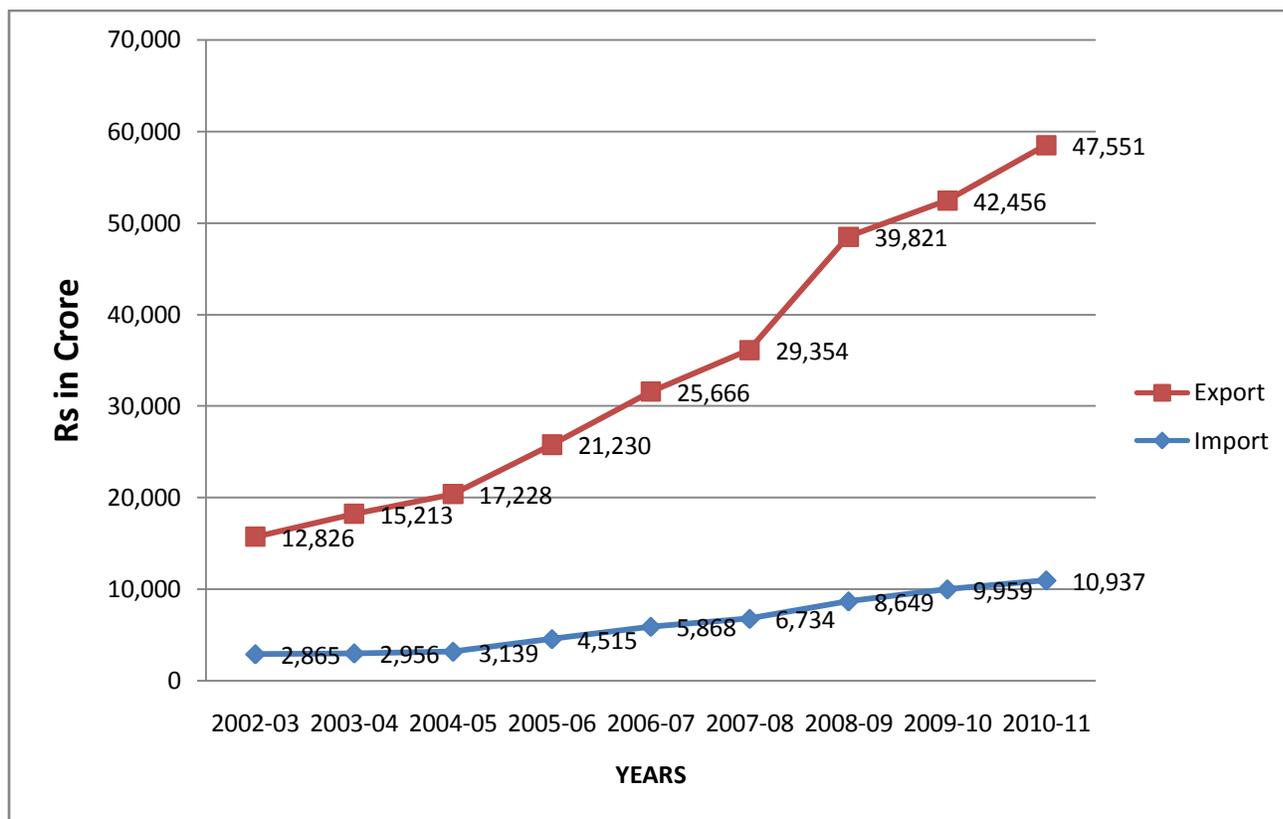


Figure No. 4 Source: - Directorate General of Commercial Intelligence and Statistics (D.G.C.I.S.) Kolkata, value of imports of "Medicinal and Pharmaceuticals Products" for the period 2002-03 to 2010-11

### **Profitability Trend in Indian Pharmaceutical Industry**

The major players of Indian pharmaceutical industries are Ranbaxy, DRL, CIPLA, Glenmark and Sun Pharmaceutical who have adopted aggressive marketing strategy to promote medicinal and pharmaceutical brands in different Indian territories. Ranbaxy is major AIDS drug promoter in South Africa which tends to incline its profitability during financial year 2008 to 2013 onwards. The graph also shows an inclining trend for DRL and Glenmark and Sun Pharmaceutical due to increase in market share of therapeutics segment. Cipla has got tough competition in respiratory division especially products like Motelucast, Fluticazone, Salmeterol, are not able to survive, due to which there is rapid decline in its market share during 2010-11. But since it is entering in generic division there is bit increase in market share during the year 2013.

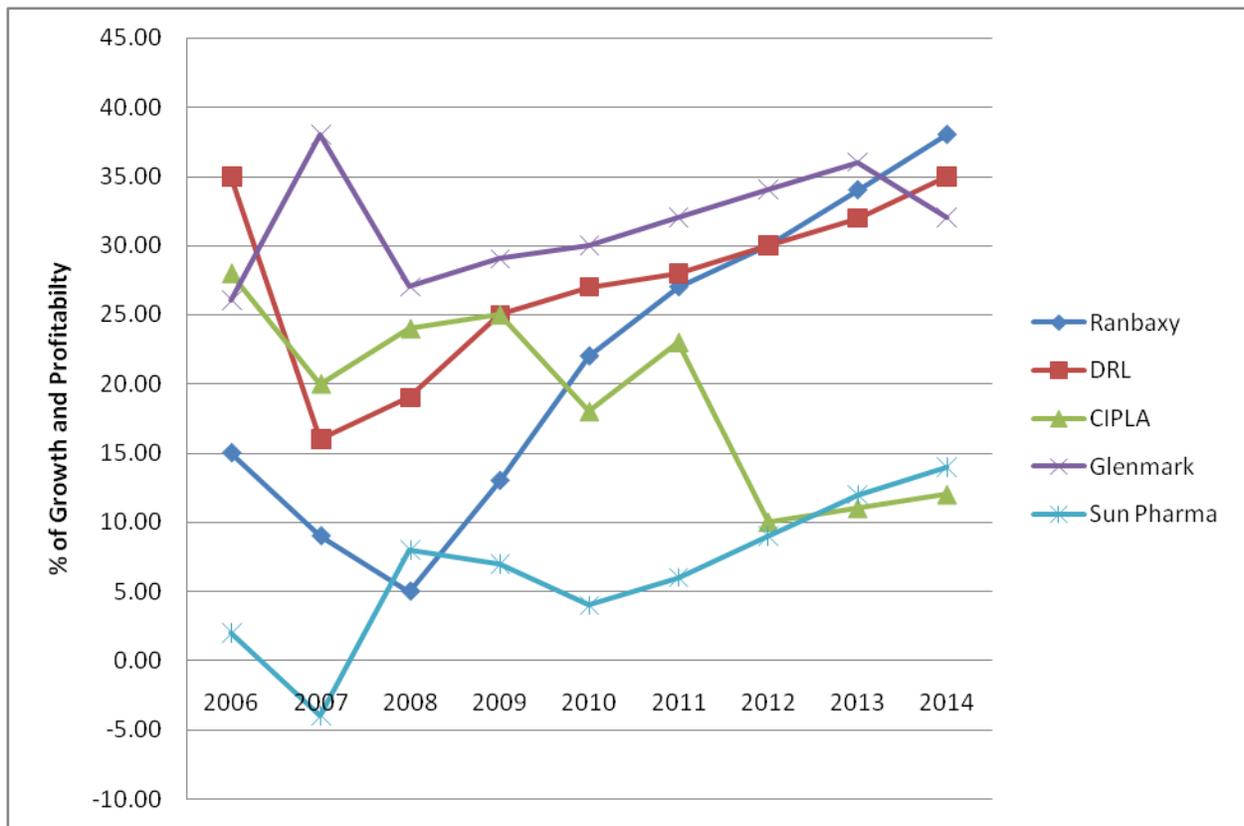
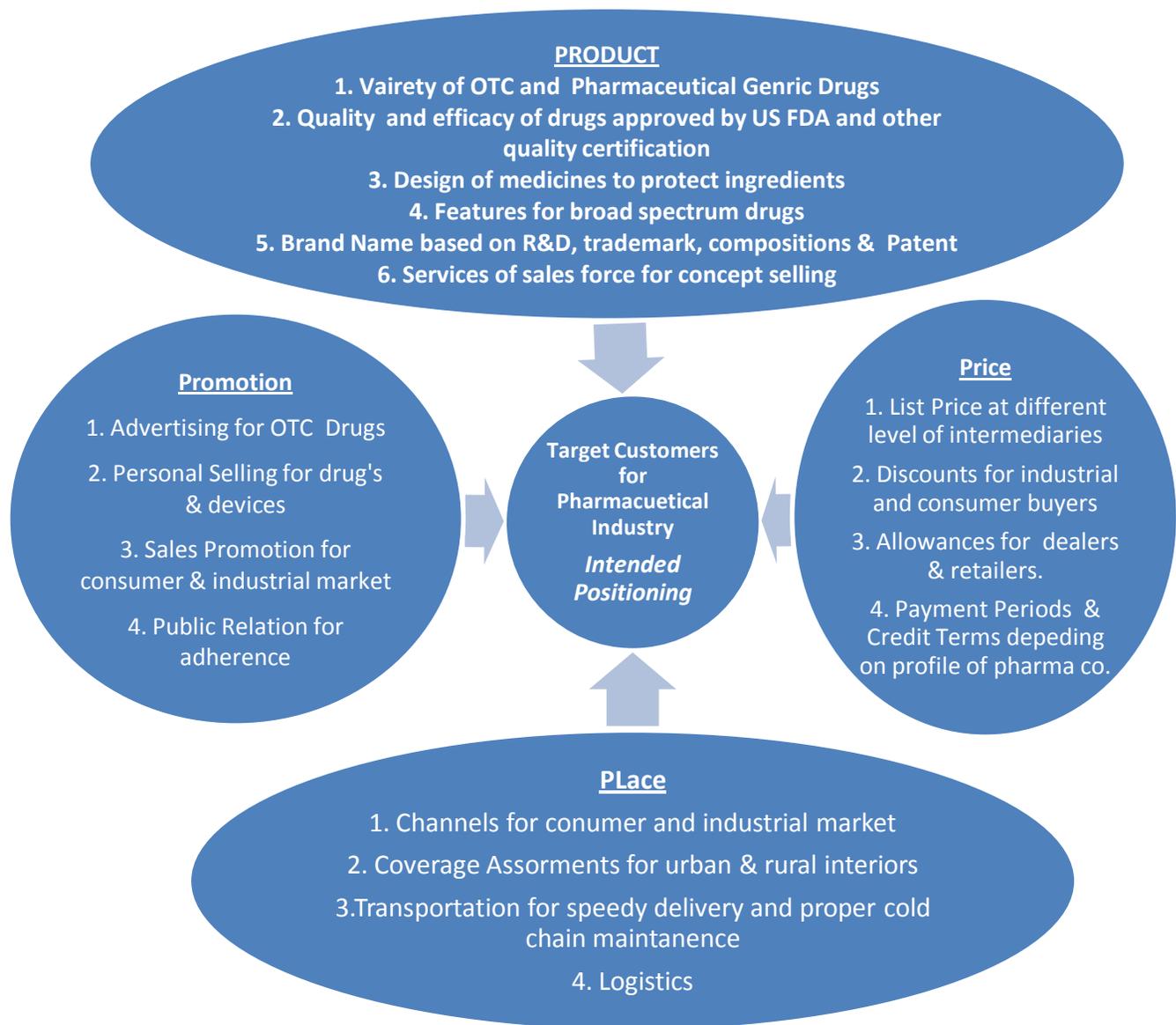


Figure 5. Source: Brand Manual; Cipla & Ranbaxy 2013

### **Marketing strategies in Pharmaceutical industries**

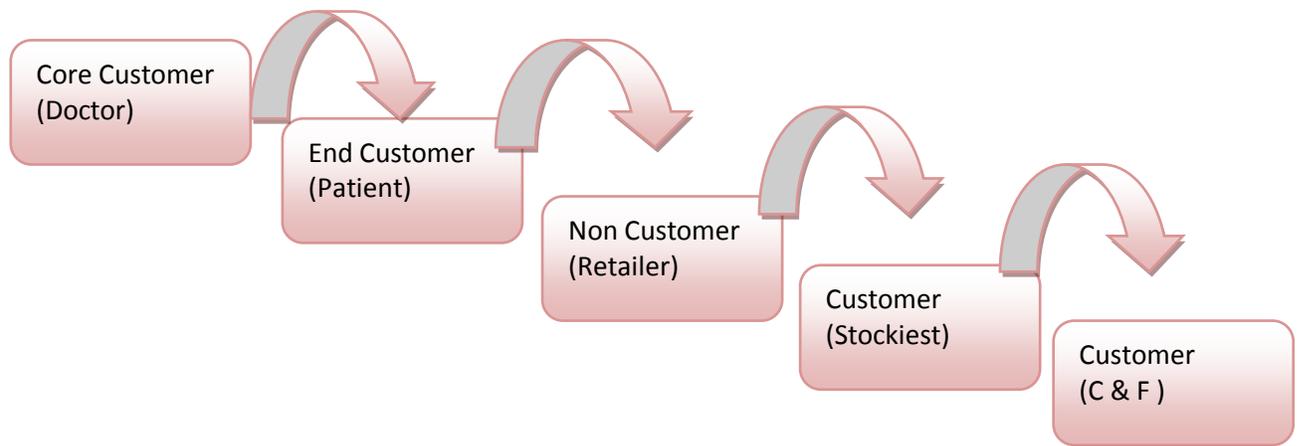
Far – reaching changes have been taking place in the Indian economy for pharma industry during the recent past, consequent to the opening up of our economy through globalization and liberalization policies. The floodgates have been thrown open to allow international competition for manufactures goods as well as services, making it a question of survival of the fittest in any industry.

In the present highly competitive economy, which can be called a buyer’s market, it is the customer who wields full power. He can make or wreck a company. No wonder that the collective battle cry from sales and marketing people, retailers, wholesalers and advertising wizards alike is now ‘Serve the Customer’ or ‘Delight the Customer’. The customer who was considered the ‘King’ is now treated almost like ‘God’ and here in pharmaceutical Doctors are supposed to be the ‘King’.



*Figure No. 6 Marketing Mix strategy for Indian Pharmaceutical Industry*

The four Ps of marketing have to be assembled in the best possible combination. This process involves choosing the appropriate marketing activities and the allocation of the appropriate marketing effort and resources to each one of them. The organization has to consider how to generate targeted sales and profitability. Different combinations of marketing mixes are considered with varying levels of expenditure on each marketing activity to identify the most effective combination. It then chooses the best combination of mix of product, price, place and promotion to ensure success.

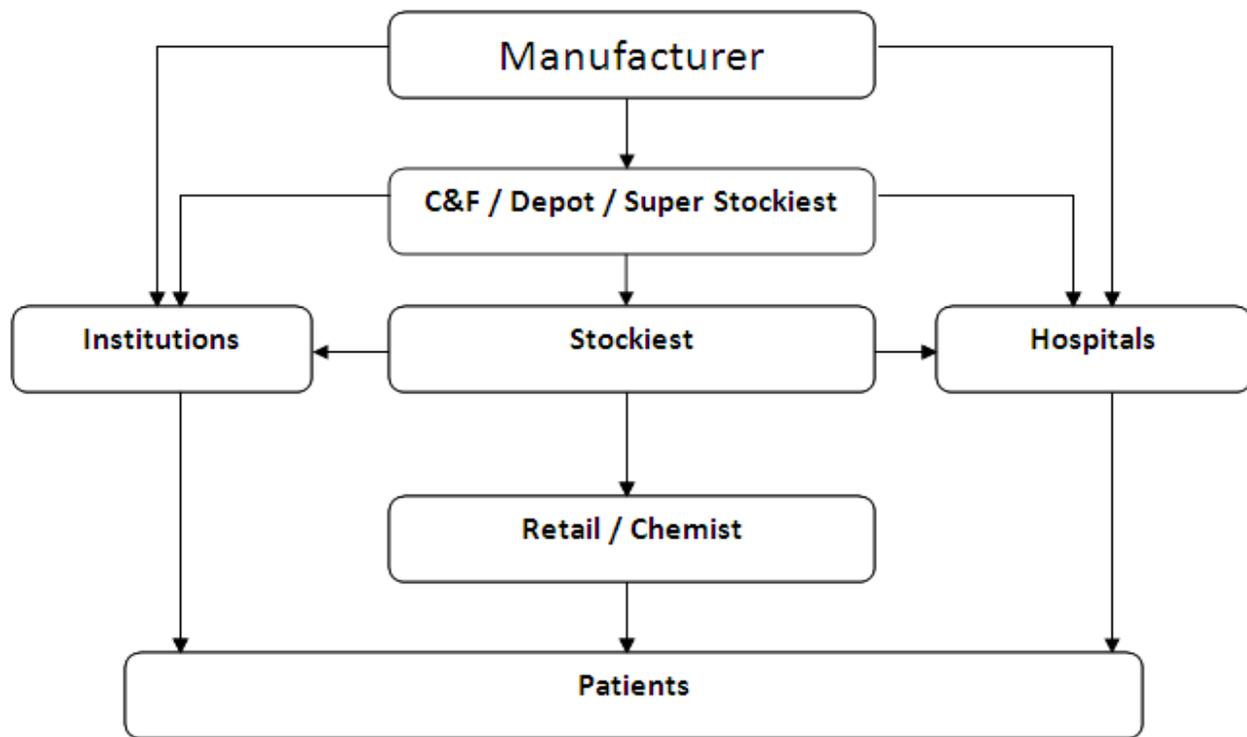


*Figure: 7 (Flow of Pharmaceutical Drugs)*

Intermediaries are the pillars for pharmaceutical industry as they honor doctor's prescription. The distribution starts from company and then its ownership transfer to the Carrying & Forwarding agents who are basically regional/state agent and then drugs are shifted to stockiest, who are looking after single territories for making drugs available to different retail outlets for urban and rural interiors. This is the most important intermediary between doctors (Core Customer) and patients (end Customer).

### **Changing Dynamics of Channels in Indian Pharmaceutical Marketing**

The Indian drug distribution system has a small layers of C&F agent, stockiest and pharmacist. The drugs are being promoted to core customers (doctors) and it should be readily available at different stocks and retail outlet so that his prescription can be honored. The Indian Pharmaceutical industry has developed three layers for consumer market and zero, one or two level depending on demand for institutional marketing.



*Figure No. 8 Channel of Distribution in Pharmaceutical Industry*

## **CONCLUSION**

Indian Pharmaceutical industry is in life saving process which is evolved by various marketing strategies. In theory as well as in practice marketing strategies can be combined in number of ways. Optimization is to be achieved by trying out several alternative combinations. The marketing mix elements are substitutable by one another to a certain extent, in which intermediaries have got prime importance in making medicines readily available in market. Resources can be taken from one element and assigned to another, to achieve balance as per the marketing objectives of Industrial pharmaceutical Industry.

In today's business environment some unethical marketing is also involved to promote drugs which are categories as 'F Class' drugs from US FDA. Government should take strict action against promoter of these drugs.

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